



Senate

General Assembly

File No. 222

January Session, 2007

Substitute Senate Bill No. 931

Senate, April 2, 2007

The Committee on Labor and Public Employees reported through SEN. PRAGUE of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING PENALTIES FOR CONCEALING
EMPLOYMENT OR OTHER INFORMATION RELATED TO WORKERS'
COMPENSATION PREMIUMS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (g) of section 31-288 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2007*):

4 (g) Any employer who, with the intent to injure, defraud or deceive
5 any insurance company insuring the liability of such employer under
6 this chapter, (1) knowingly misrepresents one or more employees as
7 independent contractors, or (2) knowingly provides false, incomplete
8 or misleading information to such company concerning the number of
9 employees, for the purpose of paying a lower premium on a policy
10 obtained from such company, shall be guilty of a class D felony and
11 shall be subject to a stop work order from the Labor Commissioner.
12 The commissioner may issue a stop work order to such employer

13 pursuant to this subsection.

14 Sec. 2. Subsection (a) of section 31-69a of the general statutes is
15 repealed and the following is substituted in lieu thereof (*Effective*
16 *October 1, 2007*):

17 (a) In addition to the penalties provided in this chapter and chapter
18 568, any employer, officer, agent or other person who violates any
19 provision of this chapter or subsection (g) of section 31-288, as
20 amended by this act, shall be liable to the Labor Department for a civil
21 penalty of three hundred dollars for each violation of said chapters
22 and for each violation of subsection (g) of section 31-288, as amended
23 by this act, except that any person who violates a stop work order
24 issued pursuant to subsection (g) of section 31-288, as amended by this
25 act, shall be liable to the Labor Department for a civil penalty of one
26 thousand dollars and each day of such violation shall constitute a
27 separate offense.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2007</i>	31-288(g)
Sec. 2	<i>October 1, 2007</i>	31-69a(a)

LAB *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Labor Dept.	GF - Revenue Gain	Potential Minimal	Potential Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill authorizes the Labor Commissioner to issue a stop work order to any employer who violates the provisions of the bill and could result in a minimal revenue gain. Any person who violates a stop work order will be liable to the Department of Labor for a civil penalty of \$1,000 for each day the violation occurs.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 931*****AN ACT CONCERNING PENALTIES FOR CONCEALING
EMPLOYMENT OR OTHER INFORMATION RELATED TO
WORKERS' COMPENSATION PREMIUMS.*****SUMMARY:**

This bill authorizes the labor commissioner to issue a stop work order to an employer who intends to injure, defraud, or deceive the employer's workers' compensation insurer by knowingly (1) misrepresenting an employee as an independent contractor (and thus not required to be covered by workers' compensation insurance) or (2) providing false, incomplete, or misleading information to the insurance company on the number of employees in order to pay a lower premium.

By law, this conduct is (1) a class D felony punishable by up to five years in prison, a fine of up to \$5,000, or both and (2) subject to a civil penalty from the Labor Department of \$300 for each violation.

Under the bill, an employer who violates a stop work order is liable to the Labor Department for a civil penalty of \$1,000 for each day of the violation.

The bill does not define a stop work order or otherwise specify its scope or duration.

EFFECTIVE DATE: October 1, 2007

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 10 Nay 0 (03/15/2007)